



<p><b>District of Columbia Department of Health Ryan White HIV/AIDS Program Policies and Procedures on Sub-Recipient Occupancy Costs</b></p>		<p><b>Policies and Procedures</b> Implementing Office: HAHSTA Care and Treatment Division Ryan White HIV/AIDS Program  Training Required: Yes  Originally Issued:12/07/22  Revised/Reviewed: 01/30/24</p>
<p><b>Program Approval:</b>   _____ Ebony Fortune Ryan White Program Manager</p>	<p><b>Recipient Authorization:</b>   _____ Avemaria Smith Ryan White Recipient</p>	<p><b>Effective Date: January 31, 2024</b>  <b>Valid Through Date: February 25, 2025</b></p>
<p><b>I. SUBJECT</b>  Sub-recipient Occupancy Costs under Ryan White HIV/AIDS Program (RWHAP) Services</p>		
<p><b>II. PURPOSE</b>  The purpose of this policy document is to provide guidance on the process used by sub-recipients to allocate Occupancy Costs under Ryan White HIV/AIDS Program (RWHAP) Services.</p>		
<p><b>III. Definitions and Acronyms</b></p>	<p><b>Amortization</b> - Paying off a debt over time in equal installments. Part of each payment goes toward the loan principal, and part goes toward interest. Through the lifespan of the loan, the amount going toward principal starts small, and gradually grows larger month by month as payments are made.</p> <p><b>Common area</b> - Shared areas such as lobbies, parking facilities, and elevators.</p> <p><b>Customer</b> – A person living with HIV/AIDS who is uninsured or under-insured and meets the eligibility criteria as defined by the EMA in which services are sought. For specifics on eligibility criteria, refer to the Enrollment and Eligibility policy at <a href="#">Enrollment and Eligibility Policy Final eff6.10.22.pdf</a>.</p> <p><b>Depreciation</b> – The method for allocating the cost of fixed assets to periods benefitting from asset use. The non-Federal entity may be compensated for the use of its buildings, capital improvements, equipment, and software projects capitalized per Generally Accepted Accounting Principles (GAAP) provided that they are used, needed in the non-Federal entity's activities, and properly allocated to the Federal awards.</p>	

**Direct Costs** – Reasonable and allowable costs with a particular cost objective that is directly associated with activities that benefit customers.

**Fair Market Rate (FMR) or Fair Market Value (FMV)** – The rate used for calculating the unit cost or the price an asset would sell for on the open market when the parties involved are aware of all the facts; are acting in their own interest; are free of any pressure to buy or sell, and have ample time to make the decision.

**Mortgage\*** – The money obtained from a lender via a loan and its associated interest to finance a property. \*This is an unallowable expense

**Occupancy** - The proportion of accommodations in use or maintained, on a temporary or permanent basis, for the provision of Ryan White services.

**Occupancy rate** – A rate usually expressed as a percentage, it is the ratio of the property or property-related expenses used to support the Ryan White funded program to the total amount of available space or expense.

**Other facility Costs (occupancy expenses)** - Costs that include janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; property, liability and other insurance relating to the property; space and capital leasing; facility planning and management; and central receiving as part of facilities operation maintenance.

**Rent** – A tenant’s regular payment to someone for the use of property or space.

**Ryan White HIV/AIDS Program** - The program funded by the Ryan White Comprehensive AIDS Resources Emergency (CARE) Act. A Federal legislation created to address the health care and supportive service needs of people living with HIV/AIDS (PLWHA) and their families in the United States and its territories. The law emphasizes providing lifesaving and life-extending services for people living with HIV/AIDS.

**Square footage** – The length multiplied by the width of a room or space that is used to house staff and (in some instances) equipment that provide direct Ryan White services to customers.

**Use Allowance** – Are the means of allowing compensation when depreciation or other equivalent costs are not considered.

In accordance with [HRSA’s Policy Clarification Notice on the Allowable Use of Funds](#) –Sub-recipients may be compensated for the use of funds for mortgage/rent for a clinical setting, medical office building, etc. The portion of Indirect and/or direct depreciation or use allowance costs for space primarily utilized to provide core medical and support services for RWHAP customers are not required to be included in the 10% administrative cost limit. Those costs may be charged to the relevant service category. ([PCN 15-01 FAQs](#))

	<p><b>Sub-recipient</b> - A non-Federal entity that expends Federal awards (from HRSA) received from a pass-through entity (like DC Health) to carry out the Federal (Ryan White) program by providing direct services to customers and their families or to the grantee. Sub-recipients do not include an individual that is a beneficiary of such a program. A subrecipient may also be a grant recipient of other Federal awards directly from a federal awarding agency.</p>
<p><b>IV. Policy Requirements</b></p>	<p><b>How to Determine Occupancy Expenses (if Applicable)</b></p> <p>The Use Allowance method allows the sub-recipient to apply a percentage of a building's acquisition cost expressed as an amount charged per square foot. The DC Health approved allowable rate is compared to the fair market rate (FMR) of the locality or jurisdiction of the property for its reasonableness. The FMR is subject to change annually based on current market trends for that locality or jurisdiction. The current annual FMR can be found here: <a href="https://www.huduser.gov/portal/datasets/fmr.html">https://www.huduser.gov/portal/datasets/fmr.html</a>. The sub-recipient must determine its direct occupancy expenses by multiplying the portion of the direct facilities and rental expenses based on the unit cost by the square footage to be occupied by program staff. To determine the unit cost, divide the total monthly lease amount by total square footage occupied by the program staff and the area direct services are provided. The total expenses are charged appropriately to each RW core medical or support service category. The sub-recipient must provide supporting documentation for approval to support the cost, i.e., leasing agreement, and facility total allocation cost.</p> <p>Other occupancy expenses include the janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; property, liability and other insurance relating to the property; space and capital leasing; facility planning and management; and central receiving as part of facilities operation maintenance can be proportionately charged as a direct cost and allocated to the RW core medical or support service category. (See the <i>Code of Federal Regulations</i> 45 CFR Appendix IV to Part 75)</p> <p><b>Mortgage Expenses</b></p> <p>Mortgage expenses are unallowable; however, sub-recipients can charge the grant for the use of their buildings capitalized per the Generally Accepted Accounting Principles (GAAP) through depreciation or use allowance. (See 45 CFR §75.436). A sub-recipient that owns its facility cannot charge occupancy or facility expense to the grant if the facility is fully depreciated. Additionally, the sub-recipient cannot charge depreciation on any assets that have outlived their depreciable lives.</p>

	<p><b>Rent and Facilities/Occupancy Expenses</b></p> <p>The portion of indirect and/or direct facilities expenses such as rent, utilities, insurance for the building, maintenance, depreciation, etc. for areas primarily utilized to provide core medical and support services for eligible RWHAP clients are <b>not</b> required to be included in the 10% administrative cost cap or a portion of the negotiated indirect cost rate (NICR – 45 CFR § 75.306). (See 45 CFR §75.412-414)</p> <p><b>Examples for Determining Occupancy Expenses:</b></p> <p>Scenario #1</p> <p>The People’s Organization secures a loan on a building where they offer Food Bank and Home-Delivered Meals under the Ryan White Program. Their mortgage payment is \$5,000 per month. They submit a budget listing \$60,000 under occupancy charges.</p> <p><b>Determination: The occupancy cost is NOT allowable. Per 45 CFR §75.436, mortgage expenses are unallowable. Sub-recipients can only charge the grant for the space used capitalized per GAAP through depreciation or use allowance.</b></p> <p>Scenario #2</p> <p>The People’s Organization secures a loan on a building where they offer Food Bank and Home-Delivered Meals under the Ryan White Program. Their mortgage payment is \$5,000 per month. The space used for the Food Bank and Home-Delivered Meals is 200 square feet. The average FMR is \$32.00 per square feet.</p> <p><b>Determination: The People’s Organization is allowed to budget \$6,400 for occupancy cost. 200 sq. ft. X \$32.00 = \$6,400 per year or \$6,400/12 = \$533 per month.</b></p>
<p><b>V. Key Contacts</b></p>	<p>Ebony Fortune, Ryan White HIV/AIDS Program Manager, 202.671.4900 or <a href="mailto:Ebony.Fortune@dc.gov">Ebony.Fortune@dc.gov</a></p>
<p><b>VI. Related Documents, Forms and Tools</b></p>	<ol style="list-style-type: none"> <li>1. HRSA PCN 16-02 <a href="https://ryanwhite.hrsa.gov/sites/default/files/ryanwhite/grants/service-category-pcn-16-02-final.pdf">https://ryanwhite.hrsa.gov/sites/default/files/ryanwhite/grants/service-category-pcn-16-02-final.pdf</a></li> <li>2. Effi Barry Training Institute <a href="https://effibarryinstitute.org/resources/grant-year-32-provider-kick-off-meeting-part-a/">https://effibarryinstitute.org/resources/grant-year-32-provider-kick-off-meeting-part-a/</a></li> <li>3. Code of Federal Regulations <a href="https://www.ecfr.gov/">https://www.ecfr.gov/</a></li> <li>4. DC Health Ryan White HIV/AIDS Program Services Standards (RWHAPSS) <a href="https://dchealth.dc.gov/page/ryan-white-hiv-aids-program-services-standards-rwhapss">https://dchealth.dc.gov/page/ryan-white-hiv-aids-program-services-standards-rwhapss</a></li> <li>5. U.S. Department of Housing and Urban Development (HUD) Fair Market Rent(FMR) <a href="https://www.huduser.gov/portal/datasets/fmr.html">https://www.huduser.gov/portal/datasets/fmr.html</a></li> </ol>

